

when the loan is disbursed. Consequently, these funds will no longer generate earnings.

(b) The loan principal will be disbursed from that portion of the account represented by employee contributions and attributable earnings, *pro rata* from each TSP Fund in which the account is invested and *pro rata* from tax-deferred and tax-exempt balances.

(c) The loan principal will be disbursed *pro rata* from the participant's traditional and Roth balances. The disbursement from the traditional balance will be further *pro rated* between the tax-deferred balance and tax-exempt balance. The disbursement from the Roth balance will be further *pro rated* between contributions in the Roth balance and earnings in the Roth balance. In addition, all loan disbursements will be distributed *pro rata* from all TSP Funds in which the participant's account is invested. All *pro rated* amounts will be based on the balances in each TSP Fund or source of contributions on the day the disbursement is processed.

(d) Loan payments, including both principal and interest, will be credited to the participant's individual account. Loan payments will be credited to the appropriate TSP Fund in accordance with the participant's most recent contribution allocation. Loan payments will be credited to the participant's traditional and Roth balances in the same proportion that the loan was distributed from the participant's account.

[68 FR 35515, June 13, 2003, as amended at 70 FR 32218, June 1, 2005; 77 FR 26429, May 4, 2012]

§ 1655.10 Loan application process.

(a) Any participant may apply for a loan by submitting a completed TSP loan application form to the TSP record keeper.

(b) The following participants may also apply for and complete a loan request on the TSP Web site:

(1) FERS participants or members of the uniformed services requesting a general purpose loan if they are:

(i) Unmarried; or

(ii) Married and have been granted an exception to the spousal requirements described in § 1655.18.

(2) CSRS participants requesting a general purpose loan if they are:

(i) Unmarried;

(ii) Married and provide a current address for their spouse; or

(iii) Married and have been granted an exception to the spousal requirements described in § 1655.18.

(c) Persons not described in paragraph (b) of this section may use the TSP Web site to submit a loan application and obtain a loan agreement, but must complete the process by submitting the resulting loan agreement and any related documentation on paper.

(d) If the TSP maintains a uniformed services account and a civilian account for an individual, a separate loan application must be made for each account.

[68 FR 35515, June 13, 2003, as amended at 70 FR 32218, June 1, 2005; 77 FR 26429, May 4, 2012]

§ 1655.11 Loan acceptance.

The TSP record keeper will reject a loan application if:

(a) The participant is not qualified to apply for a loan under § 1655.2 or has failed to provide all required information on the loan application;

(b) The participant has the maximum number of loans outstanding under § 1655.4;

(c) The participant has a pending loan agreement or in-service withdrawal request;

(d) The amount of the requested loan is less than the minimum amount set forth in § 1655.6(a);

(e) A hold has been placed on the account pursuant to 5 CFR 1653.3(c); or

(f) The participant has received a taxable loan distribution from the TSP within the 12-consecutive-month period preceding the date of the application, unless the taxable distribution was the result of the participant's failure to repay the loan upon his or her separation from Government service.

[68 FR 35515, June 13, 2003, as amended at 69 FR 29852, May 26, 2004]

§ 1655.12 Loan agreement.

(a) Upon determining that a loan application meets the requirements of this part, the TSP record keeper will